

RAINIER SCHOLARS

Financial Statements

For the Year Ended June 30, 2023

Independent Auditor's Report

**To the Board of Directors
Rainier Scholars
Seattle, Washington**

Opinion

We have audited the financial statements of Rainier Scholars (the Organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Organization adopted the Financial Accounting Standard Board's Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, and related ASUs, for the year ended June 30, 2023. Our opinion is not modified with respect to this matter.

2022 Financial Statements Restated

As discussed in Note 11 to the financial statements, the 2022 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.



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Report on 2022 Summarized Comparative Information

The financial statements of the Organization for the year ended June 30, 2022, before the restatement described in Note 11, were audited by another auditor whose report dated May 12, 2023, expressed an unmodified opinion on those statements. As part of our audit of the June 30, 2023, financial statements, we also audited the adjustments described in Note 11 that were applied to restate the 2022 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2022 financial statements of the Organization other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2022 financial statements as a whole.

In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived after the restatement described in Note 11.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The estimate to provide services in Note 1 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and, except for that portion marked "unaudited," was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information, except for that portion marked "unaudited," has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for that portion marked "unaudited," on which we express no opinion nor any assurance, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Clark Nuber PS

Certified Public Accountants
December 18, 2023

RAINIER SCHOLARS

Statement of Financial Position June 30, 2023 (With Comparative Totals for 2022)

	2023	(As Restated Note 11) 2022
Assets:		
Current assets-		
Cash and cash equivalents	\$ 1,097,405	\$ 1,646,402
Pledges receivable, current, net	549,047	496,449
Prepaid expenses	54,560	82,192
Total current assets	1,701,012	2,225,043
Investments	7,909,571	7,862,517
Operating lease right-of-use assets	358,182	
Pledges receivable, noncurrent, net	146,972	361,291
Long-term assets	9,398	
Property and equipment, net	118,408	177,176
Total Assets	\$ 10,243,543	\$ 10,626,027
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 223,876	\$ 78,879
Payroll liabilities	471,440	270,063
Operating lease liabilities, current	111,859	
Total current liabilities	807,175	348,942
Operating lease liabilities, noncurrent	292,603	
Total Liabilities	1,099,778	348,942
Net Assets:		
Without donor restrictions-		
Undesignated	5,565,723	5,956,792
Board designated	2,344,923	2,753,081
Total without donor restrictions	7,910,646	8,709,873
With donor restrictions	1,233,119	1,567,212
Total Net Assets	9,143,765	10,277,085
Total Liabilities and Net Assets	\$ 10,243,543	\$ 10,626,027

See accompanying notes.

RAINIER SCHOLARS

Statement of Activities For the Year Ended June 30, 2023 (With Comparative Totals for 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	(As Restated Note 11) 2022 Total
Support and Revenue:				
Contributions and grants	\$ 2,068,967	\$ 1,951,688	\$ 4,020,655	\$ 4,031,364
Special events, net direct expenses of \$174,068 (2022 - \$133,785)	2,777,048		2,777,048	2,311,330
Investment return (loss)	776,532		776,532	(1,050,839)
In-kind contributions	140,376		140,376	9,750
Other income	10,129		10,129	9,354
Net assets released from restriction	2,285,781	(2,285,781)		
Total Support and Revenue	8,058,833	(334,093)	7,724,740	5,310,959
Expenses and Losses:				
Program services	6,339,156		6,339,156	4,440,640
Management and general	1,407,416		1,407,416	1,312,745
Fundraising	1,103,338		1,103,338	414,720
Total Expenses	8,849,910		8,849,910	6,168,105
Loss on uncollectible promises to give	8,150		8,150	62,500
Total Expenses and Losses	8,858,060		8,858,060	6,230,605
Change in Net Assets	(799,227)	(334,093)	(1,133,320)	(919,646)
Net assets, beginning of year	8,709,873	1,567,212	10,277,085	11,196,731
Net Assets, End of Year	\$ 7,910,646	\$ 1,233,119	\$ 9,143,765	\$ 10,277,085

See accompanying notes.